

AMENDED IN SENATE SEPTEMBER 4, 2009

AMENDED IN SENATE AUGUST 17, 2009

AMENDED IN SENATE JULY 23, 2009

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1544**

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**Introduced by ~~Committee on Health (Jones (Chair), Fletcher (Vice Chair), Adams, Ammiano, Block, Carter, Conway, De La Torre, Emmerson, Hayashi, Hernandez, Bonnie Lowenthal, Nava, V. Manuel Perez, Salas, and Audra Strickland)~~ Assembly Members Jones and Fletcher**

**(Coauthors: Assembly Members Adams, Ammiano, Block, Carter, Conway, De La Torre, Emmerson, Hayashi, Hernandez, Bonnie Lowenthal, Nava, V. Manuel Perez, Salas, and Audra Strickland)**

March 4, 2009

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An act to add Section 1253.6 to the Health and Safety Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1544, as amended, ~~Committee on Health Jones~~. Health facilities: ~~licensure~~; *licensure: outpatient clinic service*.

Existing law provides for the licensure of health facilities, including general acute care hospitals, acute psychiatric hospitals, and special hospitals, as defined, by the State Department of Public Health. Violation of these provisions is a misdemeanor.

Existing law requires that, upon the issuance or renewal of a general acute care, acute psychiatric, or special hospital license, the department separately identify on the license each supplemental service, including

the address of where each outpatient service is provided and the type of services provided at each outpatient location.

Existing law authorizes licensed general acute care hospitals and acute psychiatric hospitals to provide in any alternative setting health care services and programs that may be provided by any other provider of health care outside of a hospital building or which are not otherwise specifically prohibited by provisions of existing law regulating these facilities. It also requires the state department and the Office of Statewide Health Planning and Development to adopt and enforce standards which permit these health facilities to use its space for alternative purposes.

This bill would, among other things, require the department to approve a completed application by a licensed general acute care hospital, ~~acute psychiatric hospital, or a special hospital~~ that meets specified requirements to add or modify an outpatient *clinic* service as a supplemental service, add the outpatient service to the hospital license, and issue a new license, within 100 days of receipt of the completed application, unless the applicant does not meet specified requirements. The bill would limit the outpatient *clinic* service that is the subject of the application to providing only *nonemergency* primary health care ~~service services in a clinical environment~~ to patients who remain in the outpatient clinic for less than 24 hours. ~~The bill would also prohibit the outpatient service that is the subject of the application from providing chronic dialysis treatment or alternative birthing services, performing outpatient surgeries that are provided by a surgical clinic, or providing other services that are not consistent with providing primary health care services for patients who remain in the outpatient clinic for less than 24 hours. The bill would define “outpatient clinic services” for purposes of the bill.~~ By creating a new crime, this bill would impose a state mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature finds and declares all of the  
2 following:

3     (a) Hospitals in California are essential partners with the state  
4 in providing a health care safety net for underserved, uninsured,  
5 and underinsured populations in a cost-effective manner.

6     (b) The need for primary care is growing dramatically due to  
7 changes in the delivery of health care, demands of the market, and  
8 the continuing increase of uninsured and underinsured patients in  
9 California, an escalating unemployment rate, physician shortages,  
10 and a severely depressed economy.

11     (c) The current system of approving new hospital-based  
12 outpatient services that provide primary care causes delays in  
13 timely access to care and results in a significant and unnecessary  
14 waste of taxpayer and community resources that could otherwise  
15 be devoted to patient care.

16     (d) Administrative streamlining of the approval process, without  
17 compromising patient health and safety, will avoid an unnecessary  
18 burden to the state's scarce resources and improve access to vital  
19 community health care services in California.

20     SEC. 2. Section 1253.6 is added to the Health and Safety Code,  
21 to read:

22     ~~1253.6. (a) Upon receipt of an initial application by a licensed~~  
23 ~~general acute care hospital, an acute psychiatric hospital, or a~~  
24 ~~special hospital~~

25     1253.6. (a) *This section shall govern applications by general*  
26 *acute care hospitals for supplemental services approval for*  
27 *outpatient clinic services.*

28     (b) *Upon receipt of an initial application by a licensed general*  
29 *acute care hospital to add a new or modify an existing outpatient*  
30 *service as a supplemental service, the department shall, within 30*  
31 *days of receipt of the initial application, review the entire*  
32 *application, determine whether the application is missing*  
33 *information or has insufficient information, and, on the basis of*  
34 *this determination, provide the hospital with guidance on how to*  
35 *provide the missing information.*

36     ~~(b)~~

37     (c) *Upon determination by the department that an application*  
38 *for an outpatient clinic service as a supplemental service is*

1 complete pursuant to subdivision ~~(a)~~ (b), the department shall  
2 investigate the facts set forth in the application and, if the  
3 department finds that the statements contained in the application  
4 are true, that the establishment of the operation of the supplemental  
5 service are in conformity with the intent and purpose of this  
6 chapter, and that the applicant is in compliance with the provision  
7 of this chapter and the rules and regulations of the department, the  
8 department shall approve the additional or modified outpatient  
9 clinic service, add it to the hospital license, and issue a new license.  
10 However, if the department *determines in the course of the*  
11 *investigation that additional information is needed to determine*  
12 *whether the statements contained in the application are true or*  
13 *that the establishment or the continued operation of the*  
14 *supplemental service are in conformity with the intent and purpose*  
15 *of this chapter, or that the applicant is in compliance with this*  
16 *chapter and the rules and regulations of the department, the*  
17 *applicant shall provide the additional information to the*  
18 *department upon request. If the department finds that the*  
19 *statements contained in the application are not true, or that the*  
20 *establishment of the outpatient service as a supplemental service*  
21 *is not in conformity with the intent and purpose of this chapter,*  
22 *the department shall deny the applicant the license purpose of this*  
23 *chapter, or if the applicant fails to provide any additional*  
24 *information to the department within 30 days of the request, the*  
25 *department shall deny the outpatient clinic services application.*  
26 The department shall either grant or deny the application for the  
27 outpatient clinic service as a supplemental service within 100 days  
28 of the filing of a completed application.

29 (e)

30 (d) If a licensed general acute care hospital, ~~acute psychiatric~~  
31 ~~hospital, or a special hospital meets the requirement of subdivision~~  
32 ~~(d) and has been approved for an outpatient service as a~~  
33 ~~supplemental service in accordance with subdivision (b), within~~  
34 ~~has previously been approved for an outpatient clinic service within~~  
35 30 days after receipt of a completed application for an additional  
36 outpatient clinic service, the department shall approve the  
37 additional or modified outpatient clinic service, add it to the  
38 hospital license, and issue a new license, unless the applicant does  
39 not meet the requirements of this section. Notwithstanding any  
40 other law, the issuance of a new license pursuant to this section

1 ~~shall not require an initial onsite survey~~ *department shall not be*  
2 *required to conduct an onsite inspection prior to approval of an*  
3 *outpatient clinic service pursuant to this section.* However, nothing  
4 shall preclude the department from conducting an onsite inspection  
5 ~~prior to approving an application for supplemental services or~~  
6 ~~denying an application if it finds licensing deficiencies as a result~~  
7 ~~of the inspection. If the~~ *at any time, or denying an application, in*  
8 *accordance with subdivision (c).* ~~If the~~ department determines that  
9 the applicant does not meet the requirements of this section, the  
10 department shall provide the hospital, in writing, the particular  
11 basis for this determination.

12 ~~(d) A hospital qualifies to submit an application pursuant to this~~  
13 ~~section only if both of the following conditions are met:~~

14 ~~(1) The hospital has held for the five years immediately~~  
15 ~~preceding the submission of the completed application, a valid,~~  
16 ~~unrevoked or unsuspended license, does not have repeated or~~  
17 ~~uncorrected violations of state licensing or federal certification~~  
18 ~~requirements that pose immediate jeopardy to a patient, and does~~  
19 ~~not have any pending actions against it to suspend or revoke the~~  
20 ~~license or terminate Medicare or Medi-Cal certification.~~

21 ~~(2) The hospital owns and operates the outpatient service that~~  
22 ~~is the subject of the application.~~

23 (e) A completed application for purposes of this section shall  
24 include all of the following:

25 (1) The appropriate forms, fees, and documentation, as  
26 determined by the department.

27 (2) A description of the type of outpatient *clinic* service to be  
28 operated, the character and scope of the service to be provided,  
29 and a complete description of the building, its location and  
30 proximity to the main hospital building, facilities, equipment,  
31 apparatus, and appliances to be furnished and used in the operation  
32 of the outpatient ~~service~~ *clinic service and evidence satisfactory*  
33 *to the department that the hospital owns and will operate the*  
34 *outpatient clinic service that is the subject of the application.*

35 ~~(3) A description of and documentation that the outpatient~~  
36 ~~service has written~~

37 (3) Written policies and procedures governing the operation of  
38 the *outpatient clinic* service and its reporting relationship to the  
39 applicant.

1 (4) Evidence of the hospital's compliance with applicable  
2 building standards and possession of a fire clearance *for the*  
3 *outpatient clinic service space*.

4 (f) The outpatient *clinic* service that is the subject of the  
5 application shall be limited to providing ~~primary health care service~~  
6 *nonemergency primary health care services in a clinical*  
7 *environment* to patients who remain in the outpatient clinic for  
8 less than 24 hours.

9 ~~(g) The outpatient service that is the subject of the application~~  
10 ~~shall not provide chronic dialysis treatment or alternative birthing~~  
11 ~~services, perform outpatient surgeries that are provided by a~~  
12 ~~surgical clinic, or provide other services not consistent with those~~  
13 ~~described in subdivision (c).~~

14 ~~(h) Nothing in this section shall prohibit the department from~~  
15 ~~conducting a licensing inspection or complaint investigation after~~  
16 ~~the application is approved.~~

17 ~~(i) The outpatient service that is the subject of the application~~  
18 ~~shall comply with applicable standards for outpatient services,~~  
19 ~~including, but not limited to, requirements applicable to life safety,~~  
20 ~~building standards, infection control, medical records, personnel~~  
21 ~~policies, governance, and patient rights.~~

22 (g) *For purposes of this section "outpatient clinic services"*  
23 *shall have the same meaning as the services that may be provided*  
24 *by a primary care clinic in accordance with subdivision (a) of*  
25 *Section 1204. Nothing in this section shall be interpreted to mean*  
26 *that supplemental outpatient services established by a general*  
27 *acute care hospital pursuant to this section shall be considered*  
28 *primary care clinics for licensing, regulatory, or enforcement*  
29 *purposes.*

30 SEC. 3. No reimbursement is required by this act pursuant to  
31 Section 6 of Article XIII B of the California Constitution because  
32 the only costs that may be incurred by a local agency or school  
33 district will be incurred because this act creates a new crime or  
34 infraction, eliminates a crime or infraction, or changes the penalty  
35 for a crime or infraction, within the meaning of Section 17556 of  
36 the Government Code, or changes the definition of a crime within  
37 the meaning of Section 6 of Article XIII B of the California  
38 Constitution.

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